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Trends That Will Shape Retail in 2020

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DIVERGENCE

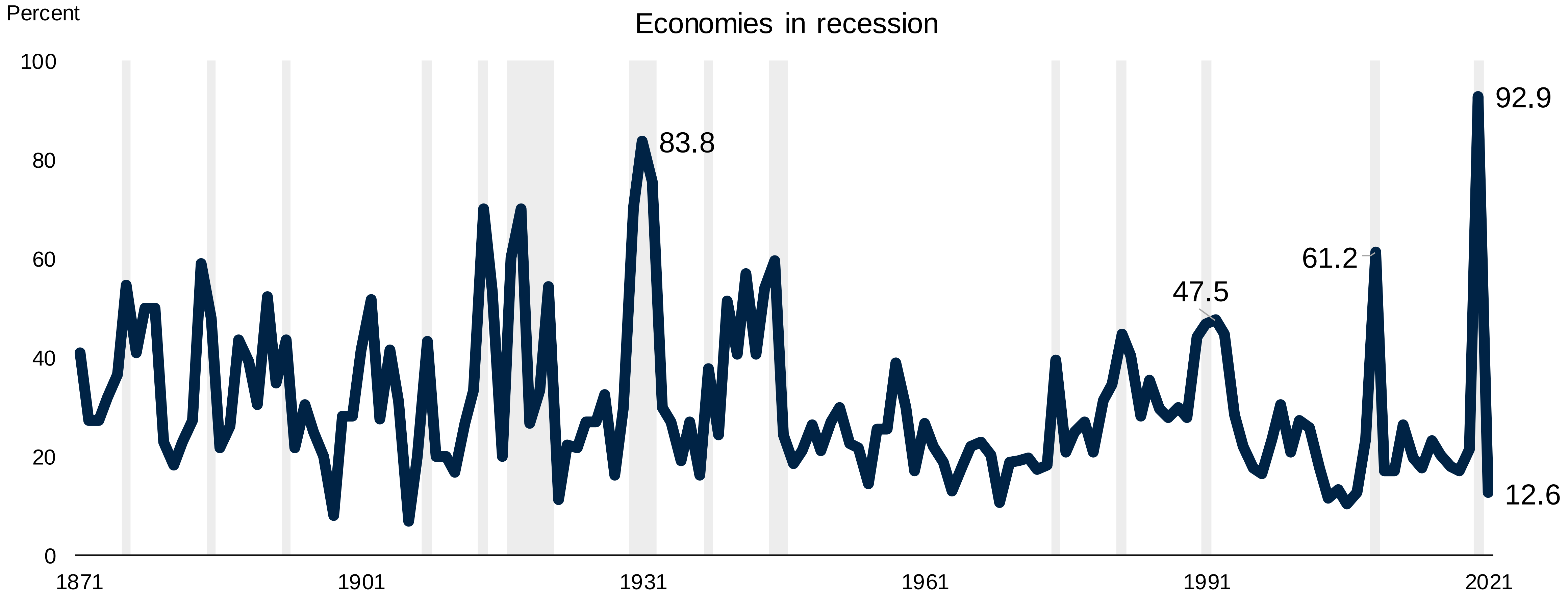

CONSUMERS

RETAILERS

BRANDS

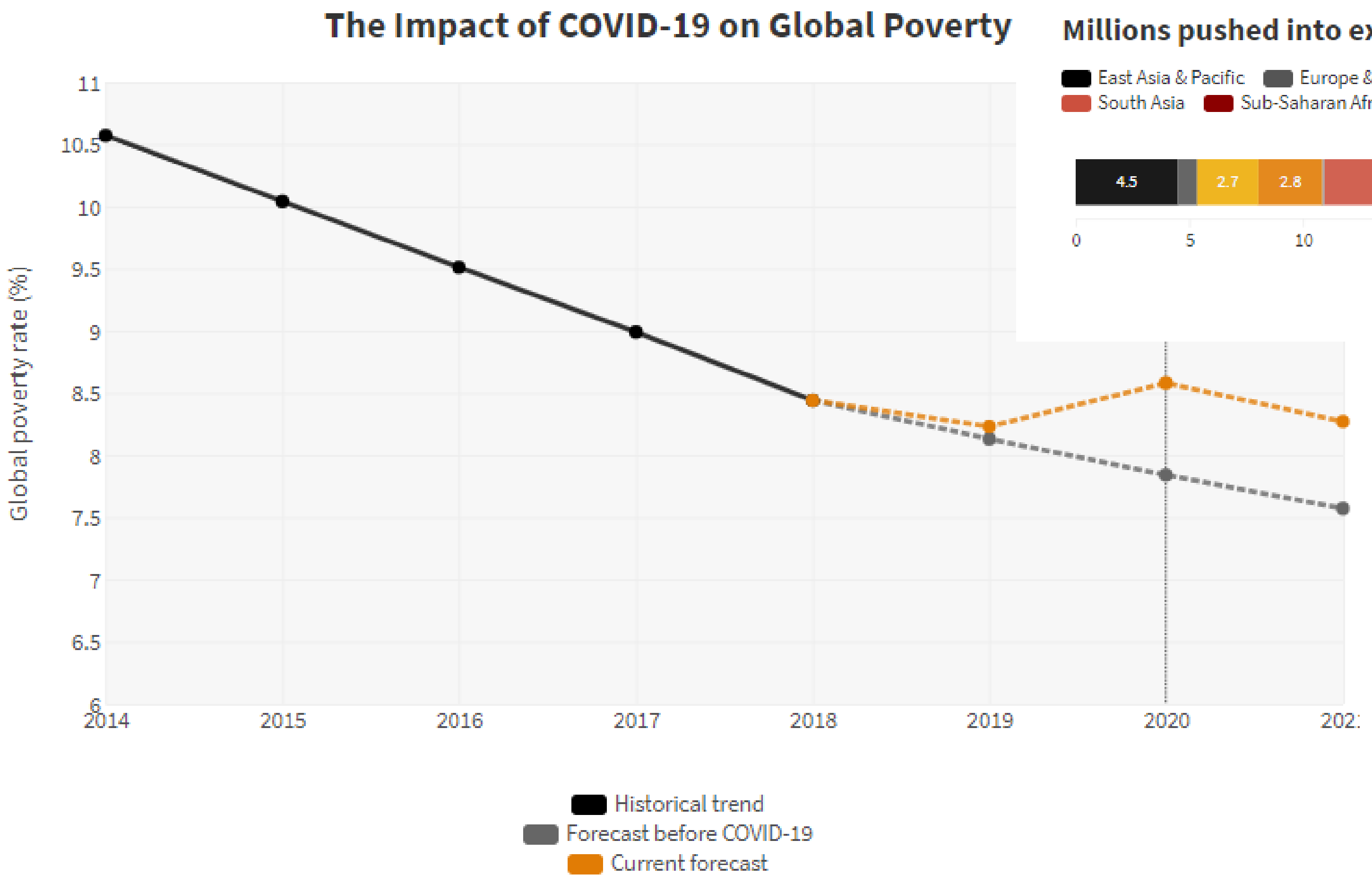
This pandemic has the highest synchronization this century of global economies in recession

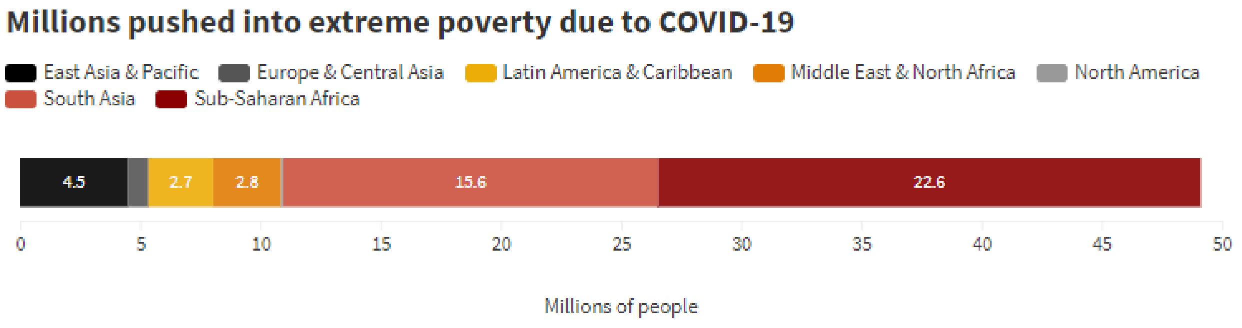
In 2020, the highest share of economies will experience contractions in per capita GDP since 1870—more than 90 percent, even higher than the proportion of about 85 percent of countries in recession at the height of the Great Depression of 1930-32



Source: World Bank

Global poverty will rise as a result of COVID-19





Source: PovcalNet • The global poverty rate is measured as the share of the world's population living on less than $1.90 per day.

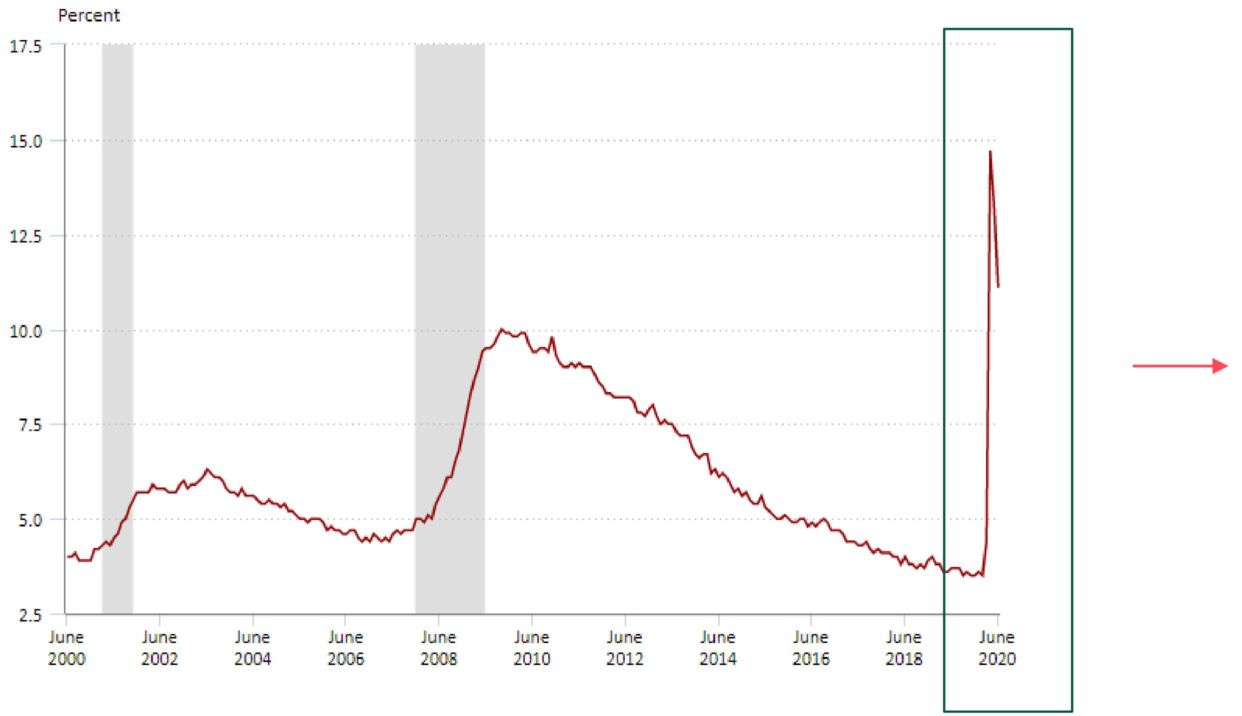
Source: World Bank Blogs (https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest)

Even markets that have recovered are left with even poorer poor

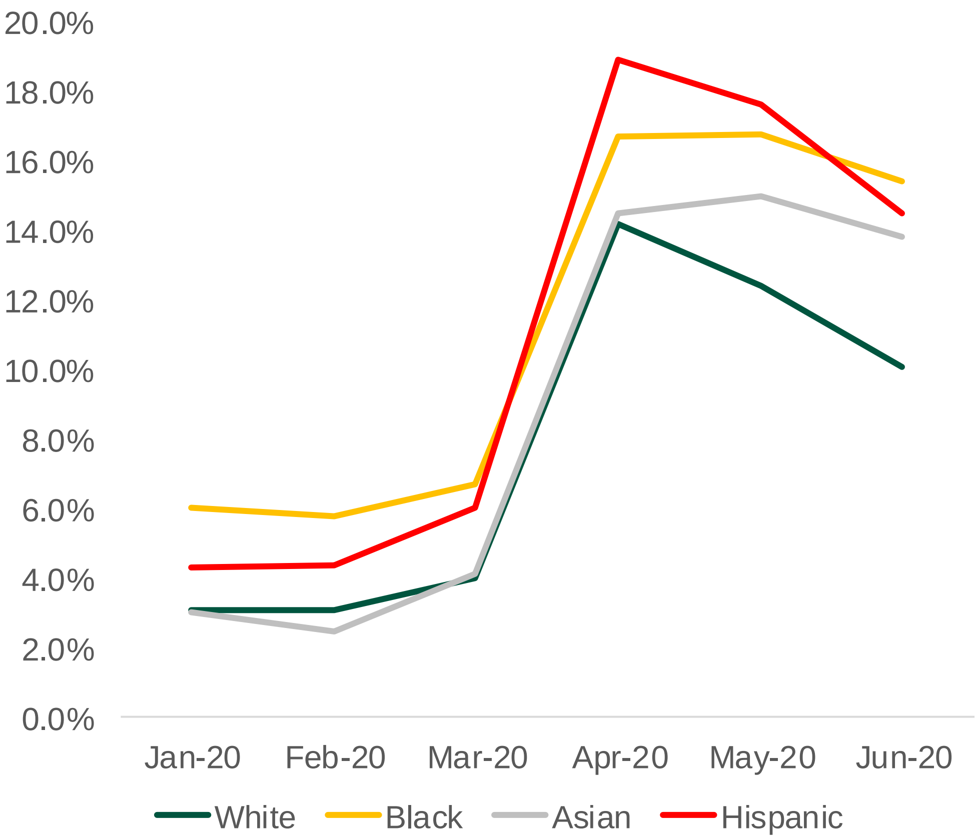
“poorer households are still struggling…”

The pandemic has hurt the least well off

Unemployment overall



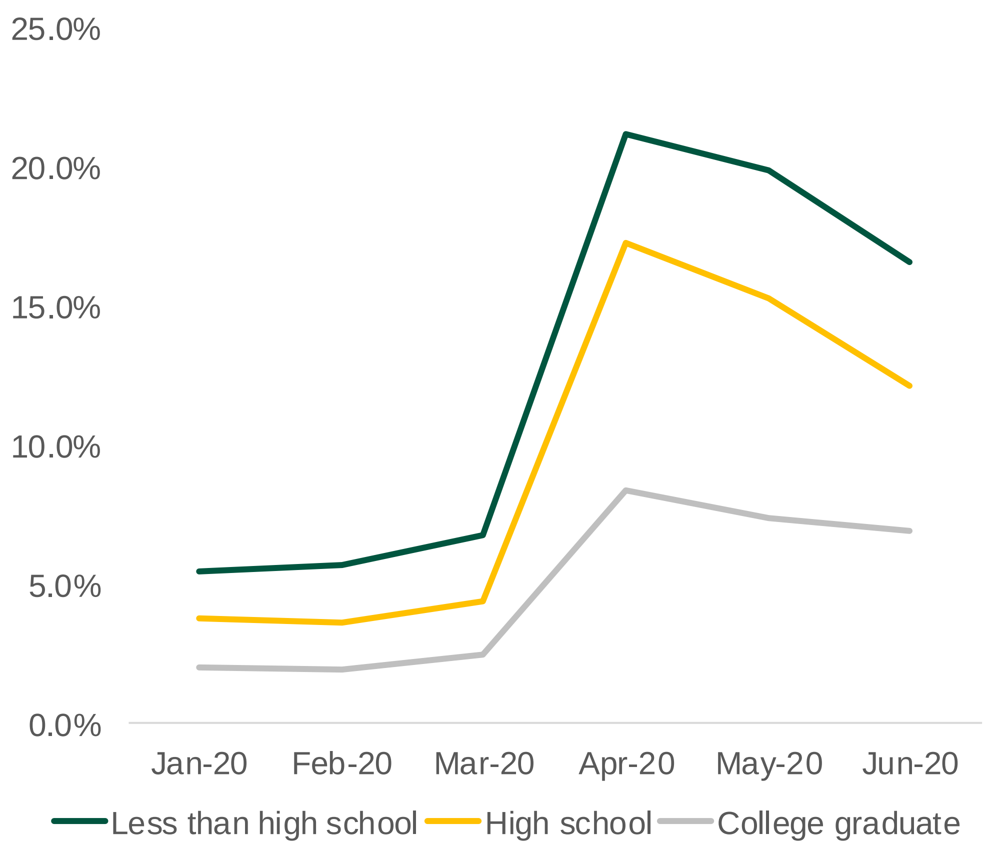
Unemployment by race



Source: US Bureau of Labor Statistics

Meanwhile, the wealthy are holding their own

Unemployment is lower for more educated HHs



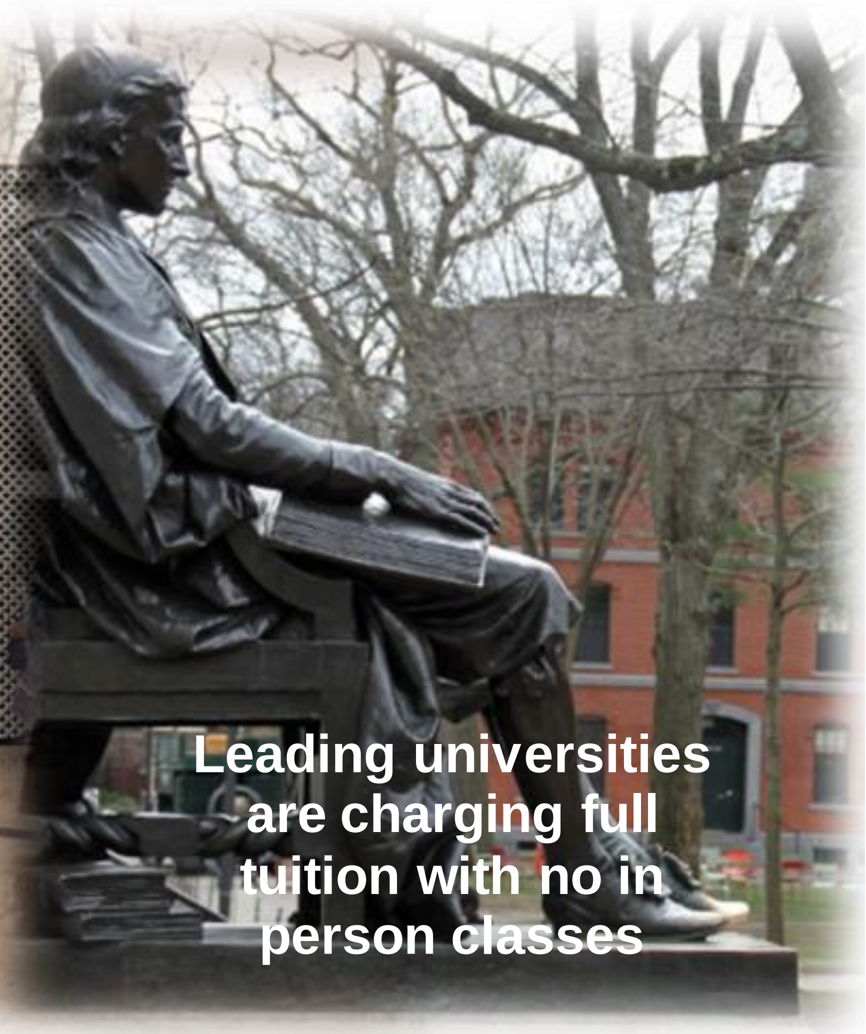
Wealthy households are 4x as likely to own stocks

Source: Bureau of Labor Statistics; Pew Research

Luxury items continue to be resilient

Porsche sales in July were the same at February

Select luxury stores YOY growth is up double digits in June



Leading universities are charging full tuition with no in person classes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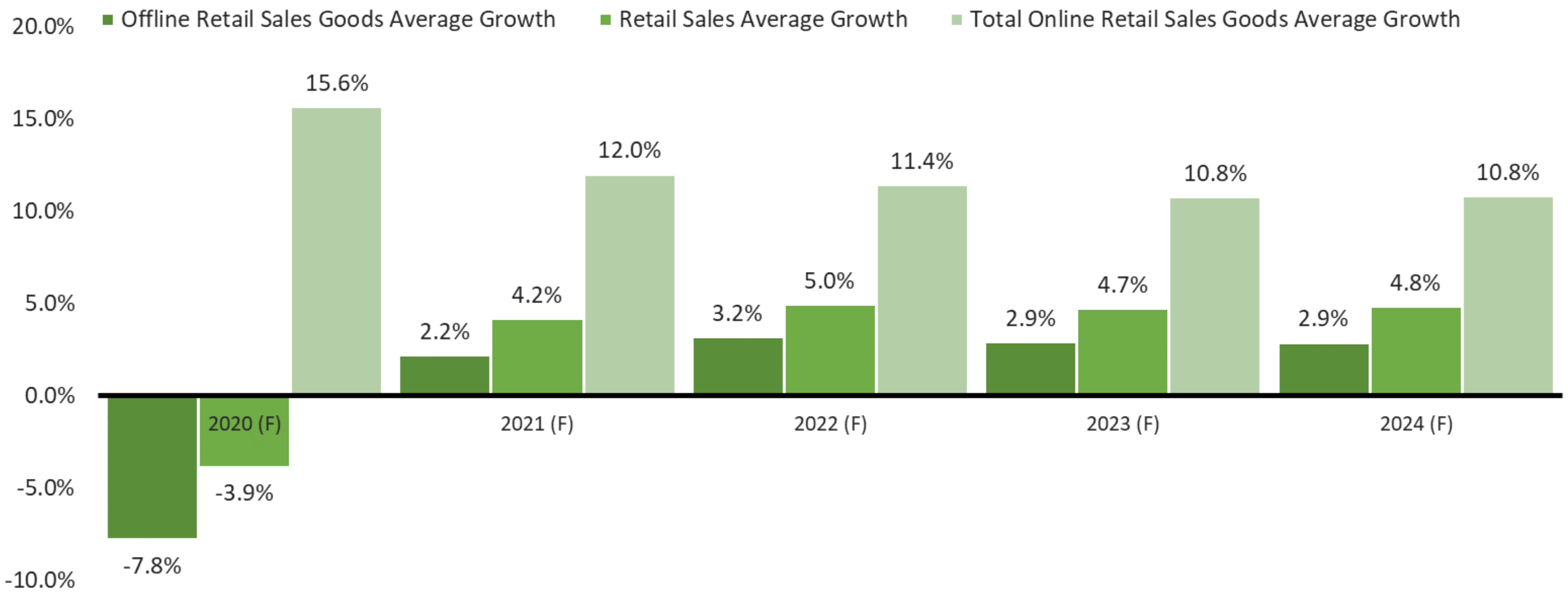
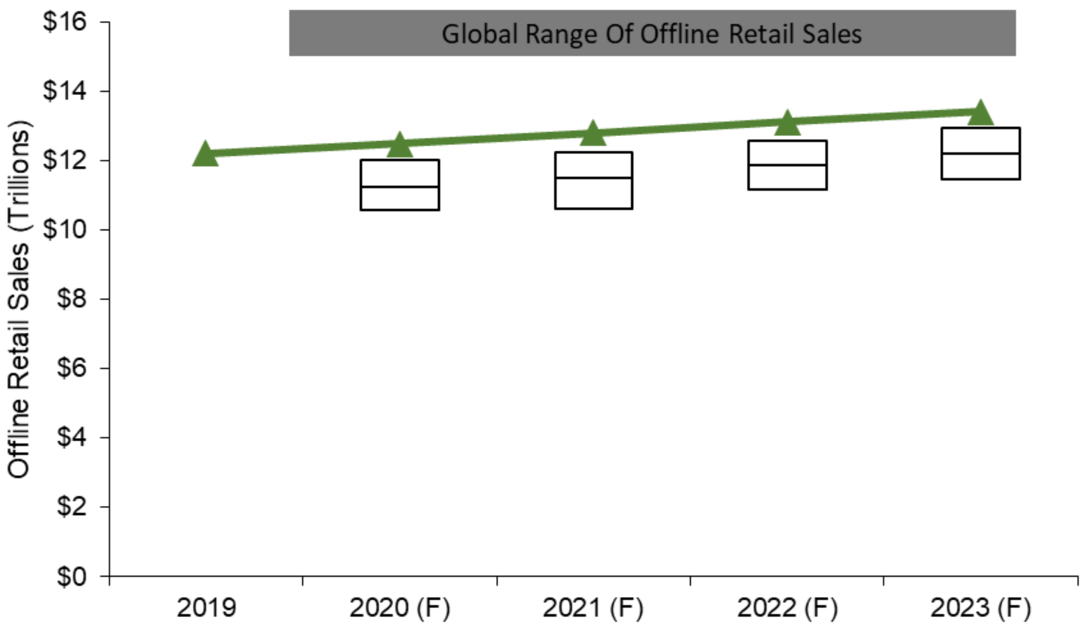
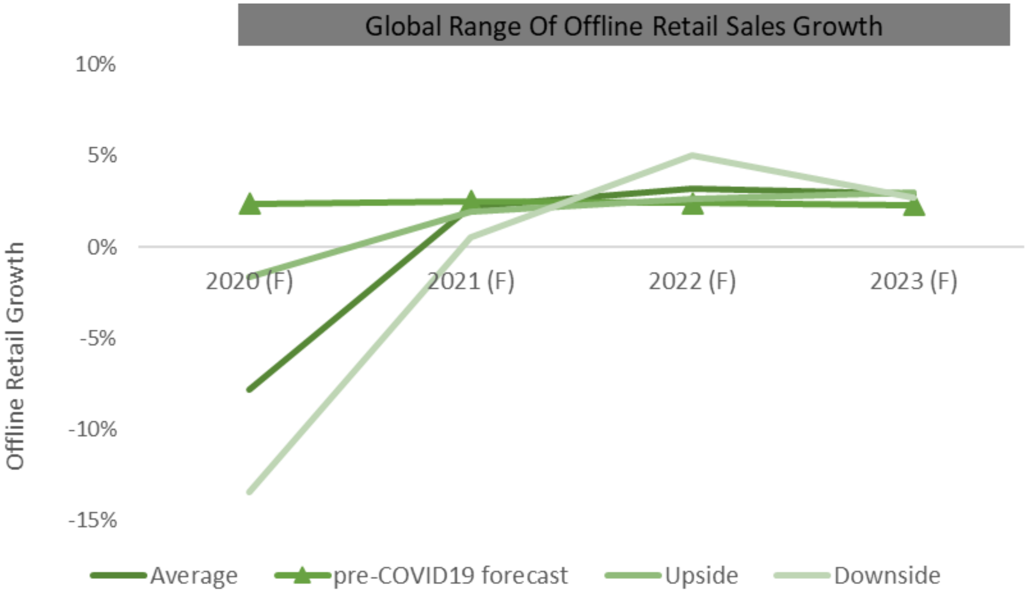
Global retail sales will decline by an average of 3.9% in 2020, a loss of $1.2 trillion compared to pre-COVID19 forecasts



Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

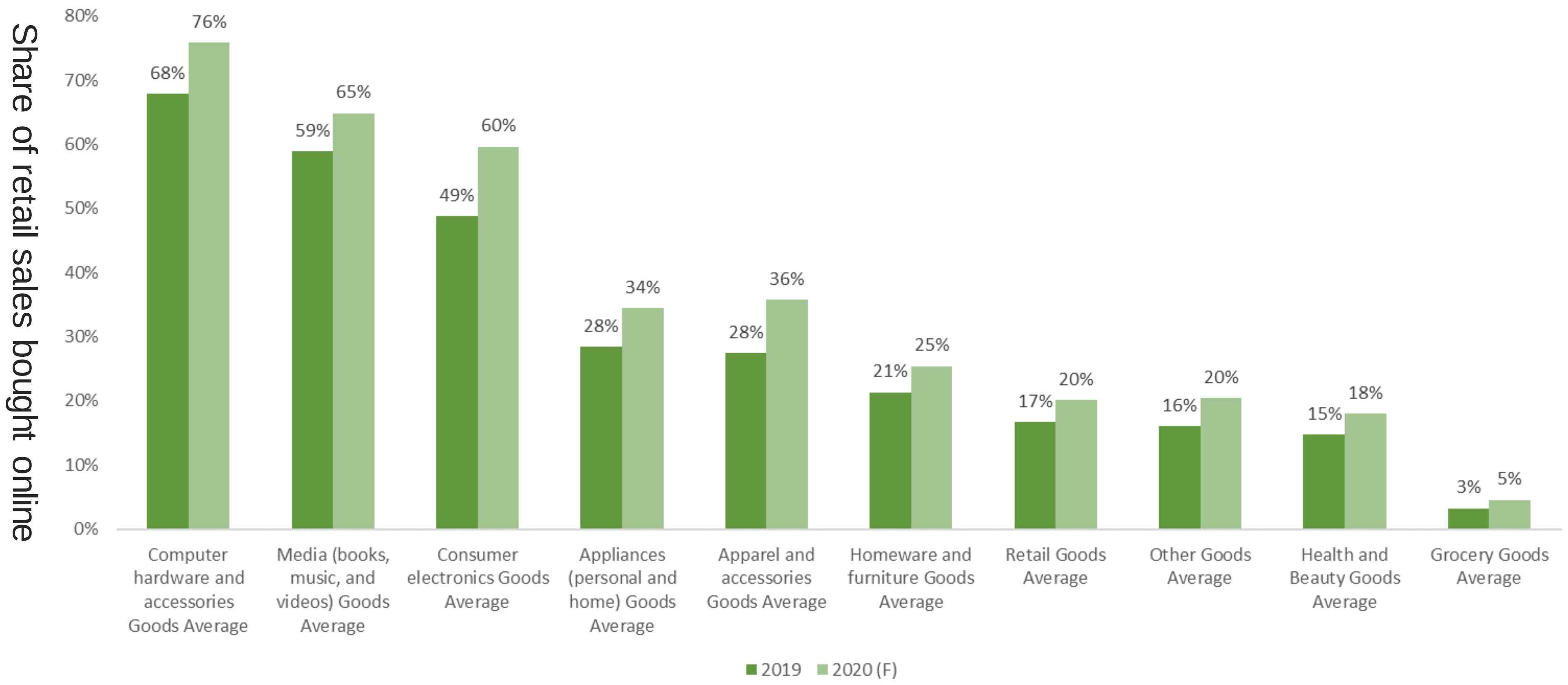
Global offline sales will loose $1.2 trillion compared to Forrester's pre-COVID19 forecasts, and won't surpass 2019 levels until 2023





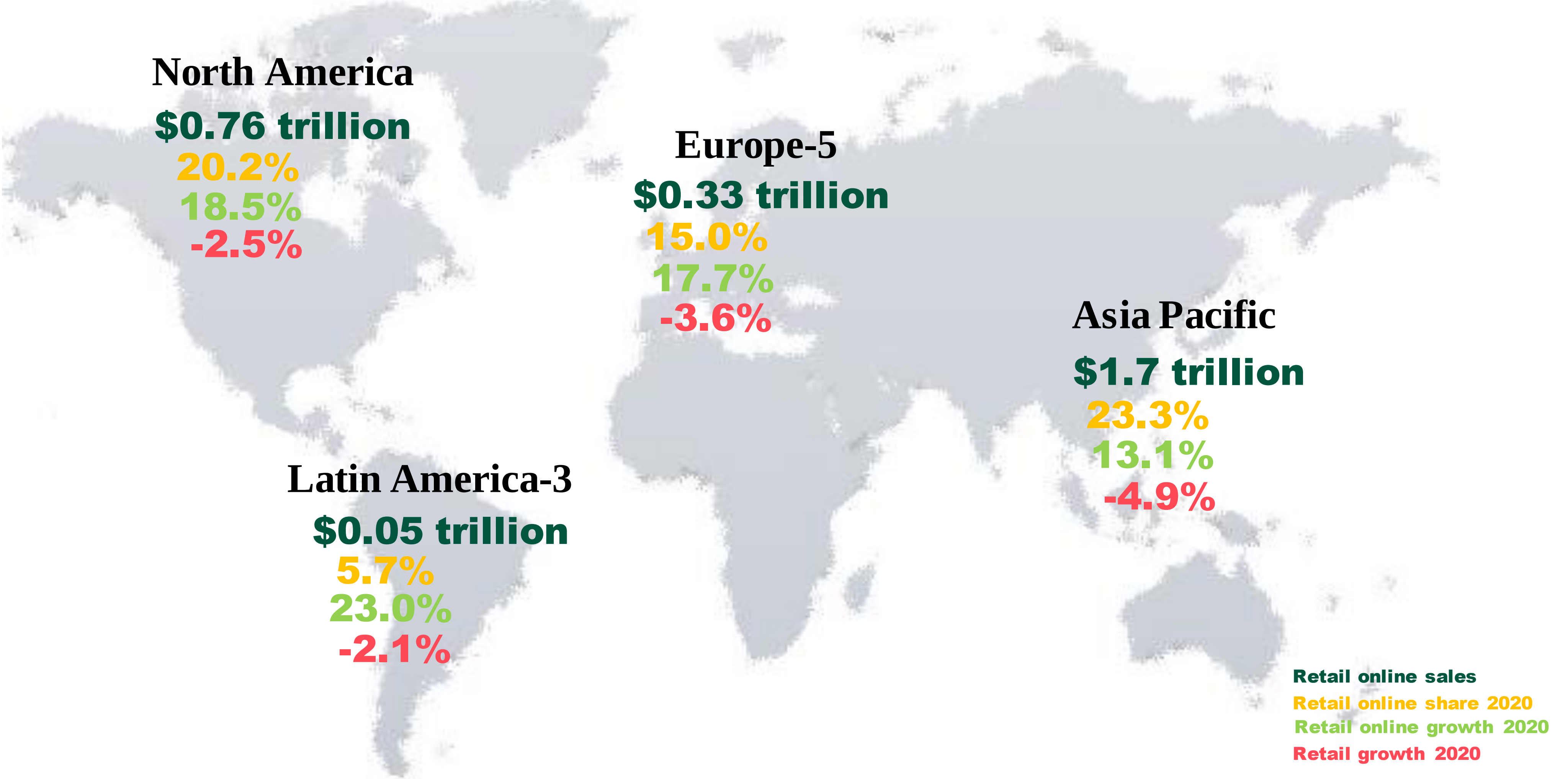
Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

In 2020, Grocery, Apparel and Electronics will see the largest share of their sales migrating online



Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

In 2020 all regions will see retail sales decline and strong eCommerce growth

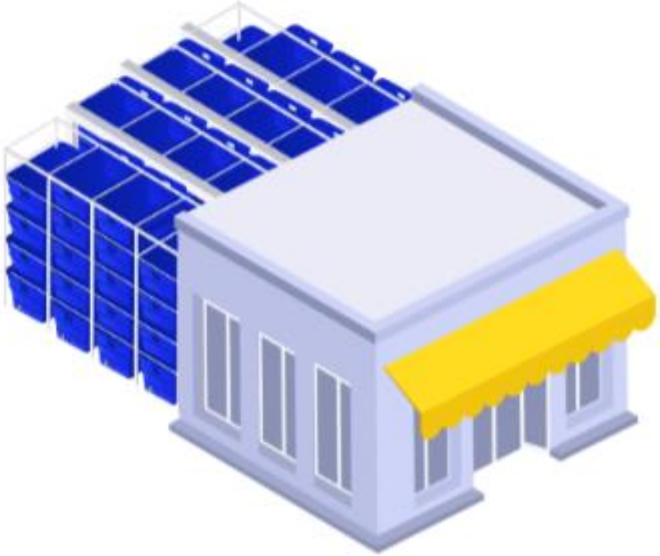


Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global), Europe-5 covers Germany, France, Italy, Spain and UK, Latin America-3 covers Mexico, Argentina and Brazil, Asia-Pacific covers China, India, Japan, South Korea, Australia and South East Asia

Retailers are trying to pivot where possible

This home goods retailer is now selling essential items in its stores (example: Bed, Bath & Beyond)

Experiments like MFCs are happening, but nothing systemic



Source: Fabric, Takeoff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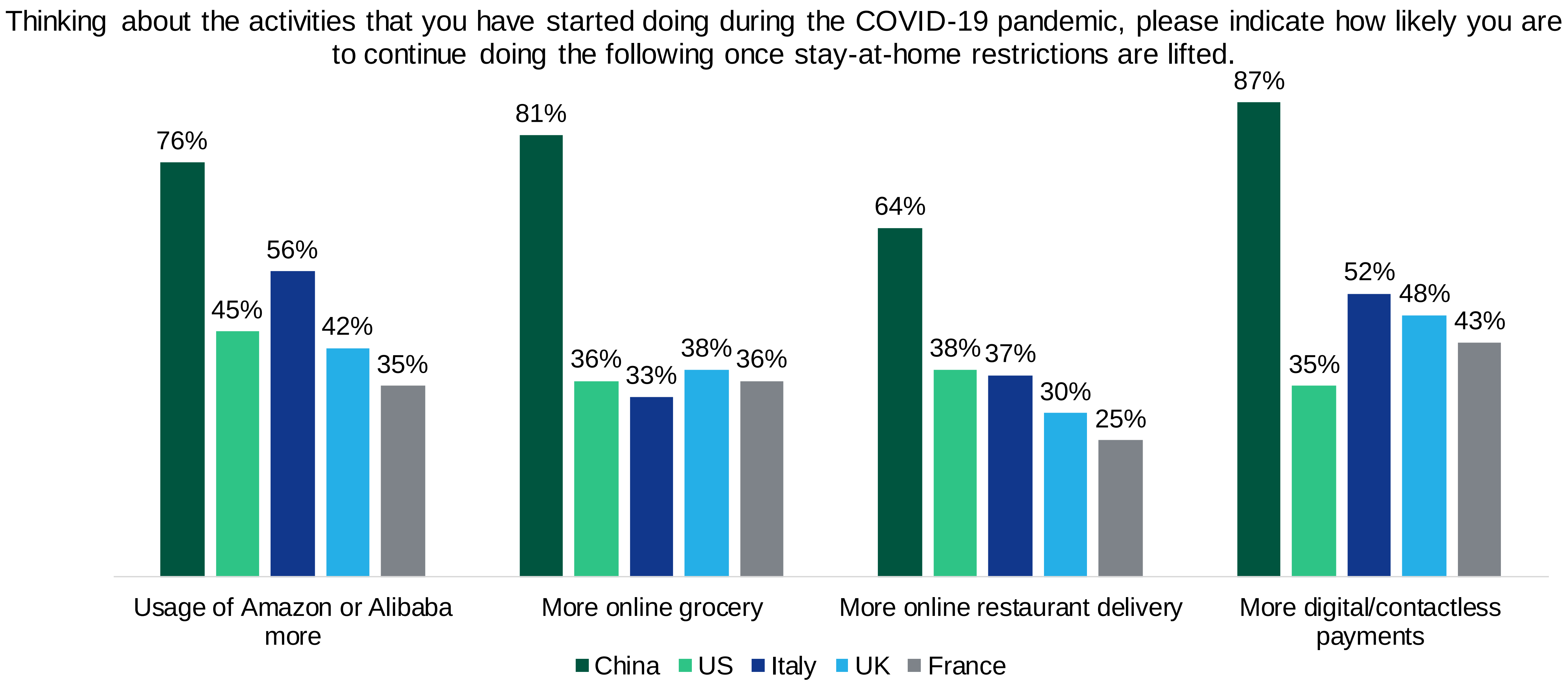
Marketplaces will be more powerful



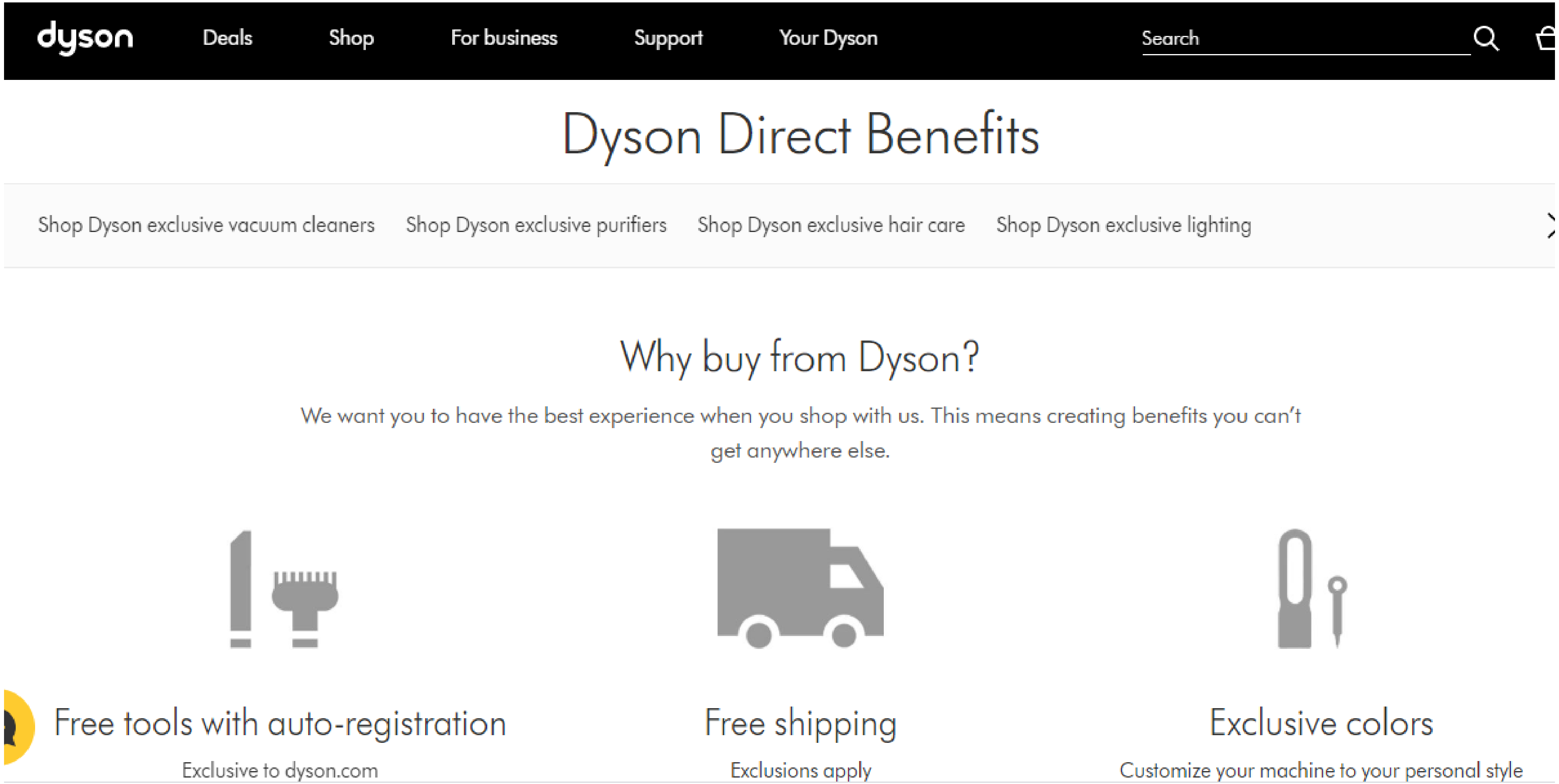
Source: Forrester Analytics Consumer Technographics COVID-19 Survey (Wave 2), 2020 (May 8-15) (US).

But marketplaces dilute brands

19% of consumers worry that marketplaces have poor quality or counterfeit products

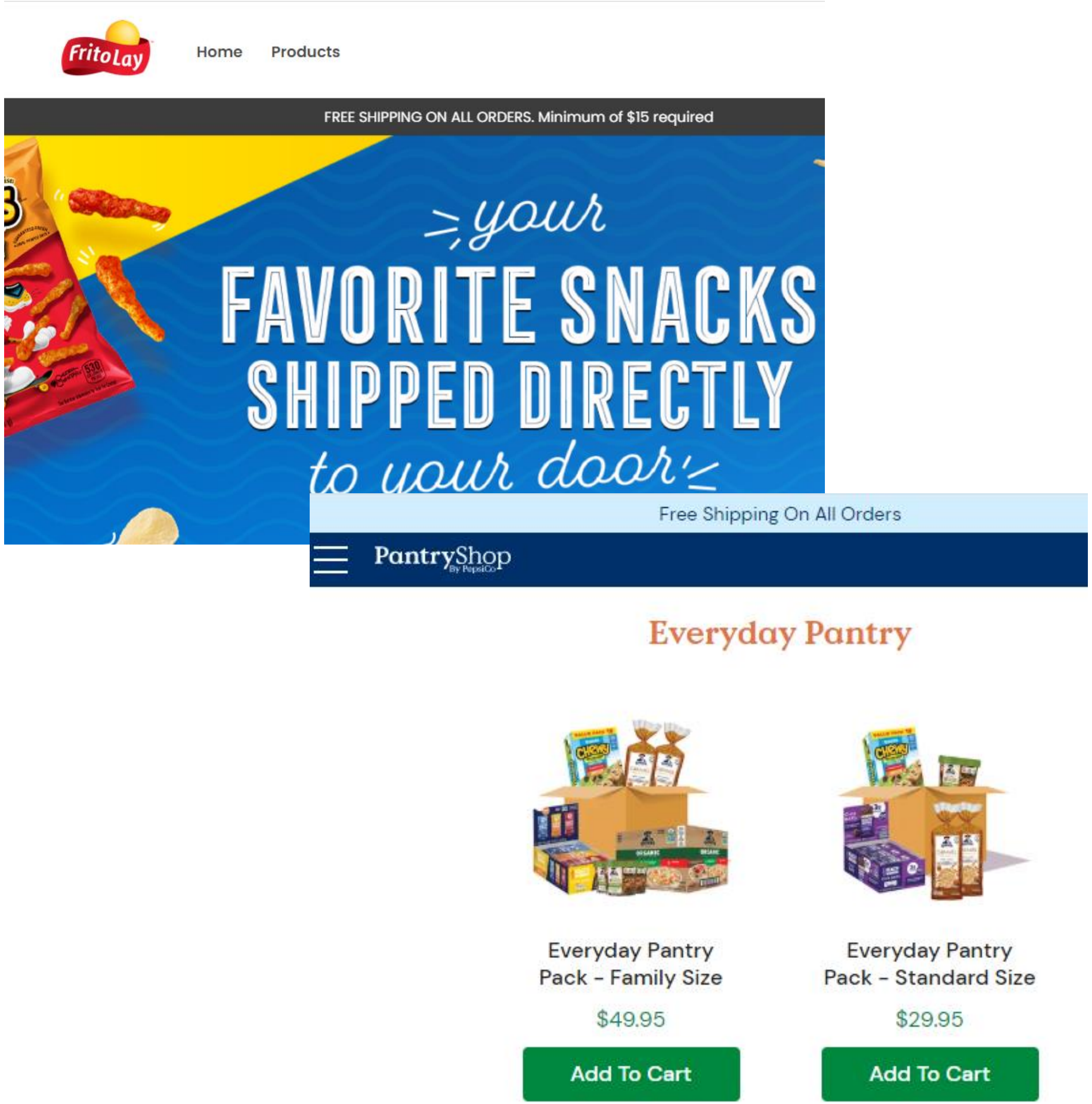
Price is the #1 reason that shopper buy on Amazon, 1.4x more than the next most important attribute

Brands aren’t rolling over

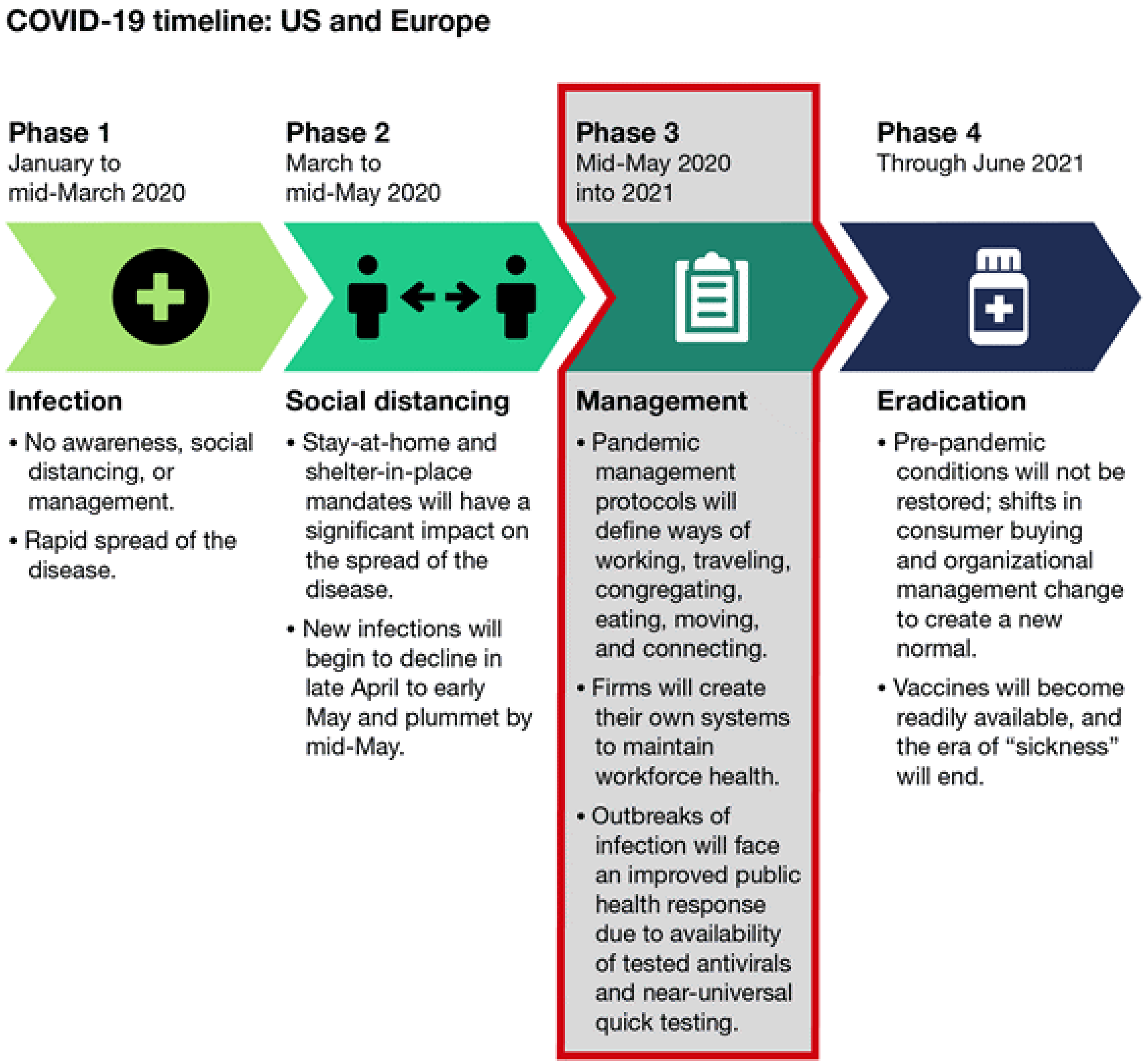


Sales are nascent and growing on direct-to-consumer sites

10% of customers are purchasing directly from manufacturer sites for essentials…even though many of these sites have subpar experiences



Where we are now in recovery



What DIVERGENCE means

Consumers	• The Business Roundtable's call for Stakeholder Primacy gains clout • More protectionism and nationalism • Higher taxes on the wealth to support wages and social programs
Retailers	• Dinosaurs die…speed is correlated with survival • New retailers will be built on more nimble, asset light platforms, with fewer smaller stores • New business models for retailers that survive (e.g. ad dollars)
Brands	• Retail jobs in the future will be on the digital teams of brands • Sales organizations are replaced by eControl • Every brand sees at least 10% of sales coming from its DTC channel

Thank You.

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